



Montana Department of
REVENUE

Compliance, Valuation & Resolution
Sam W. Mitchell Building

P. O. Box 5805
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TO: Oil and Natural Gas Operators

FROM: Montana Department of Revenue

DATE: July 1, 2001

RE: Montana Oil/Gas Tax Filings - Responsibility of Operator
Effective for production occurring on or after July 1, 2001

What has changed?

The Montana Board of Oil and Gas Conservation has reduced the rate for the oil and gas privilege and license tax from .03% to .026% as authorized in 82-11-131 MCA. Because this tax is included in the Oil and Gas Production tax rates, a new COG2 form is required to be filed to reflect the reduced rates. All other production schedules remain unchanged. **The reduced tax rates are effective for production on or after July 1, 2001.** This memo describes the tax rates that will be used for tax reporting beginning with the third quarter of 2001.

Filing and payment

A production tax return and its accompanying payment is due 60 days after the end of each calendar quarter. All tax payments are to be made to the Montana Department of Revenue. **The first filing under these new tax rates affects production occurring on or after July 1, 2001 and is due November 30, 2001.**

TAX RATES AS OF 7-1-2001

Type of Production	Working Interest	Nonworking Interest	Reporting Schedule
Natural Gas			
Primary recovery production			
First 12 months of production	0.76%	15.06%	NG-INCENTIVE
Pre-1999 wells after incentive period	15.06%	15.06%	NG-PRE99
Post-1999 wells after incentive period	9.26%	15.06%	NG-POST99
Stripper wells (averaging < 60 MCF/day)			
Pre-1999 wells	11.26%	15.06%	NG-PRE99
Horizontally completed well production (drilled after 1-1-2000)			
First 18 months of qualifying production	0.76%	15.06%	NG-INCENTIVE
Oil			
Primary recovery production			
First 12 months of production	0.76%	15.06%	O-INCENTIVE
Pre-1999 wells after incentive period	12.76%	15.06%	O-REG
post-1999 wells after incentive period	9.26%	15.06%	O-REG
stripper (wells averaging < 15 bbls/day)			
pre-1999 & post-1999 first 1-10 bbls	5.76%	15.06%	O-STRIP

pre-1999 & post-1999 over 10 bbls	9.26%	15.06%	O-STRIP
pre-1999 & post-1999 stripper well exemption	0.76%	15.06%	OSTR-X2
horizontally drilled			
pre-1999 & post-1999 wells first 18 months	0.76%	15.06%	O-INCENTIVE
incremental production			
new or expanded secondary recovery production	8.76%	15.06%	ENH-INCR
new or expanded tertiary production	6.06%	15.06%	ENH-INCR
horizontally recompleted well			
pre-1999 & post-1999 wells first 18 months	5.76%	15.06%	ENH-INCR

New forms are attached. Disc file is still available, but you must be sure to **use the correct version**. If you have any questions, please contact our office at 406-444-6900.